

November 13, 2001

VIA COURIER

Dorothy Atwood
Chief, Common Carrier Bureau
Federal Communications Commission
445 12th Street, S.W.
Room 5-C345
Washington, D.C. 20554

Re: *Pay Telephone Reclassification and Compensation Provisions of the
Telecommunications Act of 1996*, CC Docket No. 96-128 NSD File No.
L-99-34, Ex Parte Filing

Dear Ms. Atwood:

The International Prepaid Communications Association (“IPCA”), by its attorney, hereby submits this letter¹ to explain further its proposed method for resolving the issues raised by the pending petitions for reconsideration and/or clarification in this proceeding² with respect to the compensation of payphone service providers (“PSPs”) under the Commission’s recent *Second Order on Reconsideration*.³

¹ IPCA has filed this letter electronically and has served all named Commission Staff via e-mail and hand delivery.

² IPCA specifically addresses the proposal of WorldCom and AT&T that the underlying carrier owning the first switch reached by a payphone call remit PSP compensation on behalf of resellers for all calls, regardless of whether completed. *See* AT&T Petition for Clarification and/or Reconsideration at 2-3 (May 29, 2001); WorldCom, Inc. Petition for Declaratory Ruling and Petition for Reconsideration at 2-4 (May 29, 2001).

³ *Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, Second Order on Reconsideration, FCC 01-109 (rel. Apr. 5, 2001) (“*Second Order on Reconsideration*”).

In this proceeding, IPCA has proposed that the Commission adopt the following positions: (1) to allow SBRs to use billing clearinghouses to compensate PSPs directly, or in the alternative (2) to require IXCs to accept SBR call detail records demonstrating call completion rates and bill SBRs accordingly.⁴ As a third-order solution, in the event that an IXC is unable or unwilling to accept SBR call completion data, IPCA proposes the use of a percent call completion (“PCC”) factor.⁵ The PCC factor would work in the following manner: Each SBR would provide a company-specific PCC factor to its underlying IXC(s) based on its review of its call completion records. The SBRs would pay that proportion of PSP compensation out of the total number of payphone calls that reach the IXC’s switch.

Each PSP would retain the right to audit any SBR’s PCC factor to assess whether it accurately represents the number of completed calls. In addition, the PCC claimed by each SBR could be updated quarterly to account for changes in the completion factor and could be “trued up” annually to take into account any overpayment or underpayment of PSP compensation.

It is important that the PCC is calculated *on an SBR-by-SBR basis* because SBRs serve different demographics and, as a result, different markets. For example, a carrier who caters to clients calling the African continent will likely have a lower PCC than carriers catering to Western Europe where call completion rates are much higher. Similarly, carriers who market to customers making international calls will have much lower completion rates than carriers whose customers call mostly domestically.

To illustrate this point, IPCA has attached, in summary form (Exhibit 1) and on individual carrier basis (Exhibit 2), call completion data from several of its members.⁶ Each SBR has provided the call completion percentage for each destination, and the percentage of calls from payphones that calls to that particular country represent.⁷ This data demonstrates how call completion rates vary from SBR to SBR depending on the demographics they serve. Finally, any PCC must also take into account the percentage of “abandoned calls” – specifically, those calls that reach the SBR platform, but for which no destination number is entered. Accordingly, if the Commission were to adopt a PCC figure, that figure must be calibrated according to each SBRs completion rate in order to ensure that SBRs are paying PSP compensation for completed calls only.

⁴ See IPCA Initial Comments at 9-11 (Oct. 9, 2001); IPCA Reply Comments at 7-9 (Oct. 24, 2001).

⁵ See IPCA Comments at 12-14; IPCA Reply Comments at 11-13.

⁶ Due to the highly sensitive nature of this information, IPCA is unable to identify any carrier that provided call completion data. Omitting carrier names enables IPCA to file this letter as a public document and avoid seeking to seal this part of the record. IPCA further requests confidential treatment of this information on behalf of its members such that it not be identified in any manner other than as that of switch-based resellers.

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IPCA cautions the Commission, however, that if it chooses to adopt a PCC based on an industry average, then it must provide SBRs with the ability to “opt out” of that PCC. That is, where an SBR determines that its call completion rates are different than the industry average PCC, it must be permitted to notify the underlying carrier, through commercially reasonable means, that it will apply its own and not on the average industry PCC factor.

Please do not hesitate to contact me if you have any questions or concerns regarding this filing.

Respectfully submitted,

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